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# A BILL FOR AN ACT

RELATING TO HOMEOWNERSHIP.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Chapter 356D, Hawaii Revised Statutes, is  
2 amended by adding three new sections to part I to be  
3 appropriately designated and to read as follows:

4 "§356D-A Section 8 voucher homebuyer assistance program.

5 (a) There is established within the authority the section 8  
6 voucher homebuyer assistance program.

7 (b) The section 8 voucher homebuyer assistance program  
8 shall offer home loans at below-market interest rates to  
9 recipients of federal section 8 housing choice vouchers who want  
10 to purchase homes in the State. Eligible borrowers shall be  
11 permitted to use their section 8 housing choice vouchers toward  
12 a monthly mortgage payment.

13 (c) There is established the section 8 voucher homebuyer  
14 assistance program special fund to be administered by the  
15 authority. Proceeds from the special fund shall be used for the  
16 purposes of this section.



1       (d) The authority may establish, revise, charge, and  
2 collect fees, premiums, and charges as necessary, reasonable, or  
3 convenient for its section 8 voucher homebuyer assistance  
4 program. The fees, premiums, and charges shall be deposited  
5 into the section 8 voucher homebuyer assistance program special  
6 fund.

7       §356D-B Downpayment loans. (a) The authority may make  
8 downpayment loans, either directly or through a nonprofit  
9 organization as defined in section 454F-1, to eligible borrowers  
10 who qualify for loans under sections 356D-A and 356D-C. The  
11 downpayment loan to any one borrower shall not exceed fifteen  
12 per cent of the purchase price or appraised value of the  
13 residential property or \$15,000, whichever is less. In no event  
14 shall the combined loan amount and purchase money mortgage  
15 amount exceed one hundred per cent of the loan-to-value ratio.  
16 The interest rate on the loans may range from zero per cent to  
17 eight per cent, depending on the buyer's income.

18       (b) The repayment of every downpayment loan shall be  
19 secured by a duly recorded second mortgage executed by the  
20 borrower to the State on the residential property purchased with  
21 the downpayment loan.



1       (c) The principal of the downpayment loan, together with  
2 accrued interest, shall be due and payable upon the sale,  
3 transfer, or refinancing of the property, or shall be repaid by  
4 the borrower in installments as determined by the authority;  
5 provided that the authority may provide a period in which  
6 payments may be waived. The period over which the principal and  
7 interest shall be paid need not coincide with the period over  
8 which the loan from the mortgage lender for the balance of the  
9 purchase price must be repaid. The borrower may repay the whole  
10 or any part of the unpaid balance of the downpayment loan, plus  
11 accrued interest, at any time without penalty.

12       (d) The authority may secure the services of nonprofit  
13 organizations, as defined in section 454F-1, to originate the  
14 downpayment loans, on behalf of the State, for an origination  
15 fee not in excess of the prevailing loan origination fee amount.

16       (e) The authority may secure the services of the mortgage  
17 lender who loans to the borrower the balance of the purchase  
18 price of the residential property or the services of any other  
19 mortgage lender doing business in the State to collect, on  
20 behalf of the State, the principal and interest of the  
21 downpayment loan and otherwise to service the downpayment loan,



1 for a servicing fee not in excess of the prevailing loan  
2 servicing fees.

3 (f) The authority may issue bonds pursuant to section  
4 356D-21 to implement the purposes of this section.

5 (g) The authority shall adopt rules pursuant to chapter 91  
6 to carry out the purposes of this section.

7 §356D-C Downpayment loan qualifications. No person shall  
8 be qualified for a downpayment loan pursuant to section 356D-B  
9 unless the person:

10 (1) Is a citizen of the United States or a resident alien;

11 (2) Is at least eighteen years of age;

12 (3) Is a bona fide resident of the State;

13 (4) Will physically reside in the residential property to  
14 be purchased for the term of the loan;

15 (5) Is accepted by a mortgage lender as a person to whom  
16 it is willing to lend money for the purchase of the  
17 residential property, provided the required  
18 downpayment is made;

19 (6) Provides a portion of the downpayment that shall be  
20 equal to at least three per cent of the sales price;  
21 and



1        (7) Has successfully completed a homeownership counseling  
2                    program approved by the authority."

3            SECTION 2. The Hawaii public housing authority is  
4 authorized to issue revenue bonds, in accordance with part III  
5 of chapter 39 and section 356D-21, Hawaii Revised Statutes, in  
6 the sum of \$                    or so much thereof as may be necessary and  
7 the same sum or so much thereof as may be necessary is  
8 appropriated for fiscal year 2017-2018 for the purposes of  
9 establishing and implementing the section 8 voucher homebuyer  
10 assistance program, pursuant to section 1 of this Act.

11           The sum appropriated shall be expended by the Hawaii public  
12 housing authority for the purposes of this Act.

13           SECTION 3. There is appropriated out of the general  
14 revenues of the State of Hawaii the sum of \$                    or so much  
15 thereof as may be necessary for fiscal year 2017-2018 and the  
16 same sum or so much thereof as may be necessary for fiscal year  
17 2018-2019 for the hiring of                    full-time equivalent  
18 (                    FTE) positions for the Hawaii public housing  
19 authority's section 8 voucher homebuyer assistance program.

20           The sums appropriated shall be expended by the Hawaii  
21 public housing authority for the purposes of this Act.



1 SECTION 4. New statutory material is underscored.

2 SECTION 5. In codifying the new sections added by section  
3 1 of this Act, the revisor of statutes shall substitute  
4 appropriate section numbers for the letters used in designating  
5 the new sections in this Act.

6 SECTION 6. This Act shall take effect on July 1, 2017.



**Report Title:**

Homeownership; Section 8 Housing Choice Vouchers; Section 8 Voucher Homebuyer Assistance Program; Established; Revenue Bonds; Authorization; Appropriation

**Description:**

Establishes within HPHA the Section 8 Voucher Homebuyer Assistance Program for recipients of federal Section 8 Housing Choice vouchers. Authorizes issuance of revenue bonds. Authorizes HPHA to make downpayment loans to eligible borrowers. Establishes a special fund. Appropriates funds. (HB1550 HD1)

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